

# **Impact of the COVID-19 on Pesticide Industry**

**The First Edition**

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**Researched & Prepared by:**

**Kcomber Inc.**

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## 1. Introduction

Recent years, there have been more and more factors affecting Chinese pesticide manufacturers, such as increasing technical prices, work safety and environmental protection problems, new pesticide management regulations, restrictive pesticide use, decreasing agricultural product prices, industry integration and so on. Under the severe COVID-19 epidemic situation in and outside China, there are some problems such as work resumption delay or even production suspension, traffic control and delayed logistics, shortage of raw materials, and limited import and export activities, which pose an unprecedented challenge to emergency response ability for pesticide manufacturers in China.

During the Spring Festival, large-scale pesticide manufacturers have more inventory while small ones have less in China generally. The pressure of environmental protection in Jiangsu Province and COVID-19 epidemic control in Hubei Province has brought great challenges to the pesticide industry. Fortunately, with accelerating integration in pesticide industry in China, large-scale pesticide manufacturers exhibit great capability in face of the epidemic, especially those manufacturers that strengthen their own competitiveness and produce upstream and downstream intermediates by themselves.

In this report, CCM will do analysis of the impact of the COVID-19 on Pesticide Industry in China from the following aspects:

- ✓ Pesticide industry
- ✓ AI
- ✓ Agrochemical companies

## 2. Methodology

The report is drafted by diverse methods as follows:

### - Desk research

The sources of desk research are various, including published magazines, journals, government websites and statistics, industrial statistics, association seminars as well as information from the Internet. A lot of work has gone into the compilation and analysis of the obtained information.

### - Internet

CCM visited government websites and contacted with players in the domestic agrochemical industry through B2B websites and software as well as obtained registration information on the internet.

### - Data processing and presentation

The data collected and compiled are sourced from:

- CCM's database
- Published articles in periodicals, magazines, journals and third-party databases
- Statistics from governments and international institutes
- Telephone interviews with domestic producers, joint ventures, service suppliers and governments
- Third-party data providers
- Comments from industrial experts
- Professional databases from other sources
- Information from the internet

The data from various sources have been combined and cross-checked to make this report as precise and scientific as possible. Throughout the process, a series of internal discussions were held in order to analyse the data and draw the conclusions.

### 3. Executive summary

COVID-19 epidemic has brought five major problems to China's pesticide industry and enterprises, including logistics disruption and agricultural technique service restriction.

Affected by COVID-19, the decline in export demand is expected to have a negative impact on lots of chemical products. However, the demand for agrochemical products may stay strong owing to the sluggish demand in the whole industrial chain.

COVID-19 has a significant impact on all walks of life. In order to ensure the work resumption and production resumption of the enterprises, China has introduced a number of policies. Premier Li Keqiang presided over an executive meeting of the State Council on 3 March, saying that the work resumption and production resumption of logistics industries, such as transportation industry and express delivery industry, should be expedited.

From Feb. to March, China's ex-works price of glyphosate technical increased owing to increasing price of phosphorus trichloride. Also, suspended production at phosphides plants in Hubei Province led to a shortage of raw materials for phosphorus trichloride. And China's ex-works price of glufosinate-ammonium technical increased. Affected by COVID-19, transportation was restricted. Relevant enterprises suspended production, resulting in a tight supply of glufosinate-ammonium technical. Besides, as the peak season for glufosinate-ammonium comes, the price is expected to increase.

Since 3 Feb., Hubei Xingfa's main production facilities have been in normal operation. The COVID-19 epidemic has certain impact on logistics in Hubei Province. However, thanks to enough stocks of important raw materials, production could go smoothly. So far, production of major products as phosphate, glyphosate, organosilicon, fertilizer has not been much affected by the epidemic. And during 21 Feb. to 5 March, it suspended production of silicone and glyphosate for regular maintenance. It is believed that the epidemic will not have a significant impact on the company's operation.

#### **4. What's in this report**

**Note: Key data/information in this sample page is hidden, while in the report it is not.**

...

#### **1 Overview of the impact of the COVID-19 on pesticide industry**

##### **1.1 Impact of the COVID-19 in China on pesticides**

COVID-19 epidemic has brought five major problems to China's pesticide industry and enterprises, including logistics disruption and agricultural technique service restriction.

##### **Five problems for China's pesticide industry and enterprises**

First, logistics distribution has been affected...

Second, there have been hidden worries in the diseases and pests control...

Third, agricultural technique services have been restricted...

Fourth, the enterprise operating costs have increased...

Fifth, the export of goods has been restricted...

##### **1.2 Impact of the COVID-19 abroad on pesticides**

After years of industrial development and capacity transfer, China has now formed a comprehensive chemical industry pattern. Production of many products takes the lead in the world, especially in bulk basic raw materials of chemical industry. Affected by COVID-19, the decline in export demand is expected to have a negative impact on lots of chemical products.

Export is a way of digesting some of the domestic chemical products. The epidemic situation may not necessarily impact on the products and enterprises that greatly needed by overseas market, such as the pesticides. As the global pesticide industry, China exports most of its pesticide products. Although COVID-19 will lower China's export demand and have a negative effect on pesticide products, the demand for agrochemical products may stay strong owing to the sluggish demand in the whole industrial chain.

##### **Favourable policy: Increase in export tax rebate rates**

...

## Aircraft suspension and traffic control

...

## Epidemic situation of top 10 China's export destinations

...

Table 1.2-1 Top 10 export destinations of China's pesticides in the first three quarters of 2019

No.	Country	Export volume, million tonne	Export value, USD 100 million
1	XXX	XXX	XXX
2	XXX	XXX	XXX
3	XXX	XXX	XXX
4	XXX	XXX	XXX
5	XXX	XXX	XXX
6	XXX	XXX	XXX
7	XXX	XXX	XXX
8	XXX	XXX	XXX
9	XXX	XXX	XXX
10	XXX	XXX	XXX
<b>Total</b>		XXX	XXX

Source: ICAMA

Table 1.2-2 Top 10 export destinations of China's pesticides in 2018

No.	Country	Export volume, million tonne	Export value, USD 100 million
1	XXX	XXX	XXX
2	XXX	XXX	XXX
3	XXX	XXX	XXX
4	XXX	XXX	XXX
5	XXX	XXX	XXX
6	XXX	XXX	XXX
7	XXX	XXX	XXX
8	XXX	XXX	XXX
9	XXX	XXX	XXX
10	XXX	XXX	XXX
<b>Total</b>		XXX	XXX

Source: ICAMA

At present, the four major challenges for cross-border export of pesticides are COVID-19's influence on business, increased logistics prices, shortage of positions and slow logistics.



Table 1.2-3 List of countries or regions that are in a state of lockdown, as of 10 a.m. on 24 March

No.	Area	Country	The time of lockdown
1	XXX	XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
2	XXX	XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
3	XXX	XXX	XXX
		XXX	XXX
4	XXX	XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
5	XXX	XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX
		XXX	XXX

Source: CCM



### 1.3 Five major policies to guarantee smooth logistics in China

COVID-19 has a significant impact on all walks of life. In order to ensure the work resumption and production resumption of the enterprises, China has introduced a number of policies. Premier Li Keqiang presided over an executive meeting of the State Council on 3 March, saying that the work resumption and production resumption of logistics industries, such as transportation industry and express delivery industry, should be expedited.

#### (1) Cancelling unreasonable examination and approval for work resumption and providing convenience for the transportation.

...

## 2 Impact of the COVID-19 on AI

### 2.1 Glyphosate

...

Table 2.1-1 Operation status of glyphosate technical manufacturers in China, Jan.–March 2020

Manufacturers	Operating rate		
	Jan.	Feb.	As of 12 March
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX

Source: CCM

### 2.2 Glufosinate ammonium

...

Table 2.2-1 Operation status of some glufosinate-ammonium technical manufacturers in China, Jan.–March 2020

Manufacturers	Operating rate		
	Jan.	Feb.	March
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX

Source: CCM

## 2.3 Chlorpyrifos

...

Table 2.3-1 Operation status of chlorpyrifos technical manufacturers in China, Jan.–March 2020

Manufacturers	Operating rate		
	Jan.	Feb.	March
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX

Source: CCM

...

## 2.4 Emamectin benzoate

...

Table 2.4-1 Operation status of emamectin benzoate technical manufacturers in China, Jan.–March 2020

Manufacturers	Operating rate		
	Jan.	Feb.	March
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX

Source: CCM

## 2.5 Tebuconazole

...

Table 2.5-1 Operation status of tebuconazole technical manufacturers in China, Jan.–March 2020

Manufacturers	Operating rate		
	Jan.	Feb.	March
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX

Source: CCM

## 2.6 Others

...

## 3 Impact of the COVID-19 on agrochemical companies

### 3.1 Hubei Xingfa Chemicals Group Co., Ltd.

Hubei Xingfa Chemicals Group Co., Ltd. (Hubei Xingfa) is a leading chemical manufacturer in Hubei Province. As a major producer of disinfectants such as sodium hypochlorite, calcium hypochlorite and hydrogen peroxide, Hubei Xingfa got a loan of XXXX million to expand production before 7 Feb.

Since 3 Feb., Hubei Xingfa's main production facilities have been in normal operation. The COVID-19 epidemic has certain impact on logistics in Hubei Province. However, thanks to enough stocks of important raw materials, production could go smoothly. So far, production of major products as phosphate, glyphosate, organosilicon, fertilizer has been affected much by the epidemic. And during XXXX, it suspended production of silicone and glyphosate for regular maintenance. It is believed that the epidemic will not have a significant impact on the company's operation.

Hubei Xingfa had received overseas orders normally, yet many export shipping agents didn't resume work until 9 February, which affected the export of glyphosate. Worse still, with the COVID-19 global outbreak, it is expected that the export of glyphosate will be hit significantly.

For Hubei Xingfa, Q1 is the off-season for its business; the quarterly revenue only contributed small proportion to the yearly one. Therefore, to Hubei Xingfa, damage this outbreak caused is expected to be limited and controllable. With capital reserve in advance and surging disinfection business, the company's production and operation in Q1 will not be hit greatly.

### 3.2 Hubei Benxing New Material Co., Ltd.

### 3.3 ADAMA Ltd.

### 3.4 Lier Chemical Co., Ltd.

### 3.5 Limin Chemical Co., Ltd.

### 3.6 Nantong Jiangshan Agrochemical & Chemicals Co., Ltd.

### 3.7 Jiangsu Flag Chemical Industry Co., Ltd.

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**If you want more information, please feel free to contact us**

Tel: +86-20-37616606 Fax: +86-20-37616968

Email: [econtact@cnchemicals.com](mailto:econtact@cnchemicals.com)